Application No. _____

Exhibit No. _____

Date _____

Witness _____

BEFORE THE

PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

GOLDEN STATE WATER COMPANY

PREPARED TESTIMONY

GLADYS ESTRADA

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GOLDEN STATE WATER COMPANY

PREPARED TESTIMONY OF

GLADYS ESTRADA

Q: Please state your name, business address, and place of employment.

A: My name is Gladys Estrada. My business address is 630 East Foothill Boulevard, San Dimas, California. I am employed by Golden State Water Company.

Q: What is your job title and what are your responsibilities?

A: I am a Regulatory Analyst in the Regulatory Affairs Department. A summary of my responsibilities and qualifications are discussed in **Schedule 1** following this testimony.

Q: Please explain the nature of your testimony in this proceeding.

A: I am sponsoring the portions of the Report on the Results of Operations for GSWC's all Region 1 Service Areas (Arden Cordova, Bay Point, Clearlake, Los Osos, Santa Maria, Simi Valley), Region 2 and Region 3 ratemaking areas for the historical and forecasted Customers, which are illustrated in Table 4-C; and Sales, as portrayed in Table 4-D.

Customers

Q: Please describe the methodology used to forecast Customers.

A: The Commission's Rate Case Plan (RCP) adopted in Decision 07-05-062 directs the utility to forecast customers using a five-year average of the change in the number of customers by customer class. Customers were forecasted by customer class using the five-year average change in the recorded number of customers as prescribed by the RCP. Table 4-C in the respective Results of Operations reports illustrates the recorded number of customers for each of the eight ratemaking areas. Customers for

the 2022 test year as well as the escalation years 2023 and 2024 were forecasted by customer class using the five-year average change in the number of recorded customers with the exception of Arden Cordova and Clearlake. The results of Golden State's customer forecasts are shown in Table 4-C of each ratemaking areas Results of Operations report.

Q: You stated that the customer forecast for the Arden Cordova ratemaking area was not based on the five-year average method. How is the customer forecast for the Arden Cordova ratemaking area calculated?

A: The methodology for the Arden Cordova customer forecast is similar. The difference is that the historical change in customers is adjusted to account for the conversion of customers from flat rate to metered service.

In 2004, legislation was passed that required all new connections to be metered and all existing un-metered customers to be converted to metered service by the year 2025. As a result of this legislation, all new customers added in the Arden Cordova CSA are metered customers. Because all new services added to the Arden system will be served under the metered tariff, there will be no growth in the number of flat rate customers. Moreover, the historical change in the number of metered customers reflects both the addition of new customers and the conversion of existing flat rate customers.

In order to calculate a historical growth rate to use as the basis for the forecast period, Golden State calculated the difference of the annual conversions from the historical change in customer counts. Then, in order to determine the customer forecast for the years 2022, 2023, and 2024, Golden State used a historical five-year average growth

of conversions and added the projected number of conversions per year to get the projected number of customers.

As of December 2019, the Arden and Cordova systems had approximately 752 non-metered active services that need to be retrofitted with meters. Golden State estimates the annual conversion rate for 2020 – 2023 as follows:

	Arden Cordova Annual Conversions			
	2020	**2021**	**2023**	**2023**
Conversions to Metered	244	200	200	108

This conversion rate will result in both systems being fully metered by the end of 2023.

Q: Was this methodology used and adopted in the last GRC?

A: Yes.

Q: Where there any other adjustments made to the customer forecast for Arden Cordova ratemaking area?

A: Yes, Golden State additionally adjusted the forecast to include 93 customers that will be acquired from the [1]Robbins acquisition, which is expected to occur in 2020.

Q: You also stated that the customer forecast for the Clearlake ratemaking area was not based on the five-year average methodology. How is the customer forecast for the Clearlake ratemaking area calculated?

A: The methodology for the Clearlake customer forecast is similar. The difference is that the historical change in customers is adjusted to account for a three-year average

[1] Advice Letter No. 1818-W

rather than five-year average. Golden State used a historical three-year average based on 2015, 2016 and 2019.

Q: What was the reason for using this particular three-year average of historical change in the customer growth?

A: The Clearlake ratemaking area suffered a catastrophic wildfire on October 8, 2017, which devastated the area, damaged homes, utility infrastructure and caused the evacuation of residents. Golden state identified 106 homes with structural damage, of which 102 customers had active accounts, that were damaged as a result of the wildfire and their accounts were closed shortly after the wildfires. The historical 2017 and 2018 recorded number of customers includes the results of closing accounts for customers whose homes were damaged by the wildfires in 2017 and the bounce back of new accounts in 2018 after the customers moved back into their homes. Using the change in the customer counts that occurred in 2017 and 2018 is not a good representation of the historical change in the number of active customers and was not used for the forecast.

Q: Were the customer forecasts in Region 1, Region 2 and Region 3 based on the respective individual regions as a whole or by individual Customer Service Areas ("CSA") within the Regions?

A: The answer differs slightly by region.

First, for Region 1: Each of Region 1 CSAs (Arden Cordova, Bay Point, Clearlake, Los Osos, Santa Maria, and Simi Valley) is also its own ratemaking area. Both the number of customers and the sales per customer (discussed below) were forecasted at the CSA level.

For Region 2, both the customer and sales per customer are forecasted at a regional level.

For Region 3: Region 3's nine CSA's (Apple Valley, Barstow, Calipatria, Claremont, Morongo Valley, Orange County, San Dimas, San Gabriel and Wrightwood) are consolidated into one ratemaking area. The customer and sales per customer forecasts for Region 3 are at the individual CSA level, and then combined together into a Regional number. Region 3 has regional rates, and therefore even though sales and customers are forecasted at the CSA level, they are combined for rate design and share the same tariff schedules.

Sales

Q: Please describe the methodology used to forecast sales.

A: Table 4-D shows the historical and forecasted sales data in the respective Results of Operations. The sales forecast is calculated by multiplying the customer forecast by the usage per customer estimate for each customer class. Like the customer forecast the sales forecasts for Region 1 and Region 3 are at the CSA level and Region 2 is at the regional level.

Q: Please describe how usage per customer is estimated?

A: For each forecast area, Golden State forecasts the average usage per customer by customer class (Residential, Commercial, Industrial, Public Authority and Irrigation). Golden State used the 2017 to 2019 three-year average for the residential and irrigation classes and the average of the most recent two-years (2018 and 2019) for its commercial, Industrial, and Public Authority classes.

Q: Did Golden State conduct the regression analysis required in the Commission's RCP for its customer usage forecast?

A: Yes. A regression analysis was run for Residential and Commercial class customers using the methodology set forth in Standard Practice No. U-25, as mandated in the RCP. It should be noted that the RCP does not require the use of the forecast methodology from Standard Practice U-25, only that the analysis must be performed and submitted with the GRC application. In this application, Golden State has opted not to use the regression results. Golden State found that, in most cases, the regression results projected usage per customer significantly lower than the currently adopted or recorded levels.

Q: Can you describe generally the regression methodology from the RCP?

A: Yes. The forecast methodology from Standard Practice U-25 is sometimes referred to as the New Committee Method. With the New Committee Method, usage per customer is estimated with a linear regression model, where usage per customer is the dependent variable, and average temperature, monthly rainfall, month and time are the independent variables. The model uses the most recent ten years of historical monthly data, excluding data from declared drought periods. Once the regression analysis determines the variable coefficients from the historical data, the forecasted values can be derived. The RCP directs the utility to use 30-year average temperature and rainfall for the forecast period.

Q: What were the results of Golden State's analysis using the New Committee Method?

A: Golden State conducted the analysis for the residential customer class and the commercial customer class in each forecast area described above. The results are presented in the following table:

Rate Making Area		Adopted	Recorded	Regression
Arden	Residential	153.0	156.2	98.0
	Commercial	1,577.5	1,621.1	1,396.8
Bay Point	Residential	84.2	87.1	73.9
	Commercial	930.8	888.0	904.0
Clearlake	Residential	60.2	57.1	52.6
	Commercial	197.8	161.4	191.5
Los Osos	Residential	66.5	65.9	28.9
	Commercial	281.1	236.5	133.7
Santa Maria	Residential	165.6	159.7	101.5
	Commercial	716.2	593.0	866.7
Simi Valley	Residential	135.6	135.8	114.6
	Commercial	734.7	652.5	537.4
Region 2	Residential	113.1	109.6	127.1
	Commercial	455.4	430.1	777.1
Region 3	Residential	141.0	136.9	117.1
	Commercial	823.0	755.4	697.6

The table compares the forecasted usage per customer for Test Year 2022 based on the New Committee Method model to the comparable figures adopted in Golden State previous GRC and to the most recent data.

As shown on the table above, the residential customer usage values based on the New Committee Method are less than both the currently adopted and the recently recorded values for six of the eight ratemaking areas. For the commercial/non-residential customer class, the New Committee Method forecasts are consistently below both the adopted and the most recent recorded.

Based on the regression results which usually gave us a lower usage per customer than currently adopted or recorded, GSWC does not believe that the downward regression trend is sustainable or realistic; therefore, GSWC used the three year average for the residential customer class and the two year average for commercial customer class, as this reflects our anticipated usage per customer more closely.

Q: Other than Residential and Commercial, how are sales for other customer classes forecasted?

A: For customer classifications other than Residential and Commercial, such as Industrial, Public Authority, Irrigation, Resale, Contract and Other, annual sales are forecasted by multiplying the customer forecast by the average usage for the most recent two-years (2018-2019) with the exception of Irrigation customer sales which use a three year average to calculate the forecast.

Q: Are there any other sales volumes to be accounted for?

A: Yes. Golden State has a contract in the Bay Point CSA, which the Company provides water in exchange for access to water supplies through a private well. The forecasted sales volume for the contract is shown below.

CSA	Westwood Village HOA		
Bay Point	2022 Sales	Cost	Revenue
	4,405	$ 28,580	-

The sales volume for the contract is based on the five year average of historical usage, and the cost shown on the table above is calculated based on the forecasted usage and Golden State's proposed volumetric rate for the 2022 Test Year. No revenues are generated by these contracts.

The historical volume of water provided by Golden State under this contract, as well as the production from the contract, is shown in the table below:

Bay Point	Westwood Village HOA				
	2015	2016	2017	2018	2019
Sales	3,519	4,201	5,509	5,097	3,701
Production	26,504	26,488	4,178	2,154	753

Q: Is this a new contract for Golden State?

A: No. Golden State is providing this information in compliance with the Settlement with ORA from Golden State's 2014 GRC proceeding. Specifically, item 4.3 in the Partial Settlement Agreement between Golden State Water and ORA adopted in D.16-12-067 states:

> Parties agree that, in both testimony and workpapers in future GRC filings, GSWC will disclose the volume of water produced from and sold to existing and any new special contract customers. GSWC will also provide the associated costs or revenues from the water produced and sold.

Q: Why is there no volume of water produced reported for the Blochman contract in Santa Maria as previously reported in the 2017 GRC prepared testimony of Keith Switzer.

A: The special contract Agreement with the Blochman Unified School district was terminated in May 2019 therefore there is no volumes to be reported.

Q: Do any of these sales forecasts also include water losses?

A: No. The forecasts described above will result in forecasted billing consumption. In order to determine the amount of water that must be supplied (either produced from groundwater or surface water sources or purchased), these sales forecasts needed to

be adjusted for water used in operations and unaccounted for water, which is commonly referred to as non-revenue water. (See prepared testimony of Nanci Tran, Page 9).

Q: Does this conclude your testimony?

A: Yes.

SCHEDULE 1

QUALIFICATIONS OF

GLADYS ESTRADA

My name is Gladys Estrada and my business address is 630 East Foothill Boulevard, San Dimas, California 91773. I joined Golden State Water Company in July 1988. My current position is Regulatory Analyst.

I graduated from California State University at Los Angeles with a Bachelor of Science Degree in Business Administration.

I began my employment with Golden State Water Company in 1988, as a data entry operator. In March 1989, I joined Regulatory Affairs as Statistical Technician. In 1991 I was promoted to Meter Programs Coordinator under the Water Resources Department, I was then promoted to Water Loss Control Technician in 1994. In 1998 I became Administrative Support Analyst and in September 2006, I re-joined the Regulatory Affairs department as Associate Regulatory Analyst. In September 2009 I was promoted to Regulatory Analyst.

My work experience with GSWC includes preparation and reporting of water supply statistics, budgeting, coordinating and implementing meter replacement programs and conducting water audits to decrease water loss. Since 2009, I have held the position of Regulatory Analyst. My responsibilities have included forecasting of supply expenses, preparing general rate case applications and other regulatory proceeding exhibits, forecasting relevant data, writing testimony, filing advice letters and working with Commission staff regarding inquiries and request for information.

I have previously sponsored testimony on Supply Expense forecasting before the California Public Utilities Commission.